

280 - AIRPORT - OPERATING ENTERPRISE

Operational Summary

Mission:

To plan, direct, and provide high quality aviation services for Orange County in a safe, secure and efficient manner.

Strategic Goals:

- Maintain a safe and secure operating environment for aviation and the traveling public.
- Provide a positive aviation experience to travelers and tenants.
- Operate John Wayne Airport in an environmentally responsible manner.
- Operate John Wayne Airport as a financially efficient and self-supporting aviation facility.

Key Outcome Indicators:

| Performance Measure | 2002 Business Plan Results | 2003 Business Plan Target | How are we doing? |
|--|---|---|--|
| SUCCESSFULLY PASS THE ANNUAL PART 139 AIRPORT CERTIFICATION INSPECTION. What: Annual inspection conducted by FAA to ensure JWA is being operated in a safe and efficient manner. Why: To maintain a safe operating environment for aviation and the traveling public. | The Annual Part 139 inspection is conducted by the FAA during which time all elements specified in Federal Aviation Regulation (FAR) Part 139 are examined. JWA successfully passed the Annual Part 139 inspection. | Successfully pass the Annual Part 139 Inspection by continuing to perform twice daily airfield inspections and identify, report and correct any items that deviate from FAA specifications. | We have always successfully passed the Annual Part 139 Inspection. |
| % OF GOOD OR EXCELLENT OVERALL RATING IN THE "AIR TRANSPORTATION USER" AND "AIRPORT TENANT" SURVEYS. What: Surveys conducted to measure passenger/tenant satisfaction with Airport's service and performance. Why: To ensure that our service to customers and tenants meets or exceeds their expectations. | The survey of air transportation users was deferred to early 2003 to allow the survey to capture passenger views of the new security screening procedures and facility modifications related to baggage screening. We are in the process of completing the 2002 Air Transportation User survey. | Conduct "Air Transportation User" survey to identify client perception of and recommendations for improving Airport facilities and services. | We are in the process of conducting our 2002 Air Transportation User survey. |

At a Glance:

| | |
|--|-------------|
| Total FY 2002-2003 Actual Expenditure + Encumbrance: | 105,443,209 |
| Total Final FY 2003-2004 Budget: | 114,260,689 |
| Percent of County General Fund: | N/A |
| Total Employees: | 141.00 |

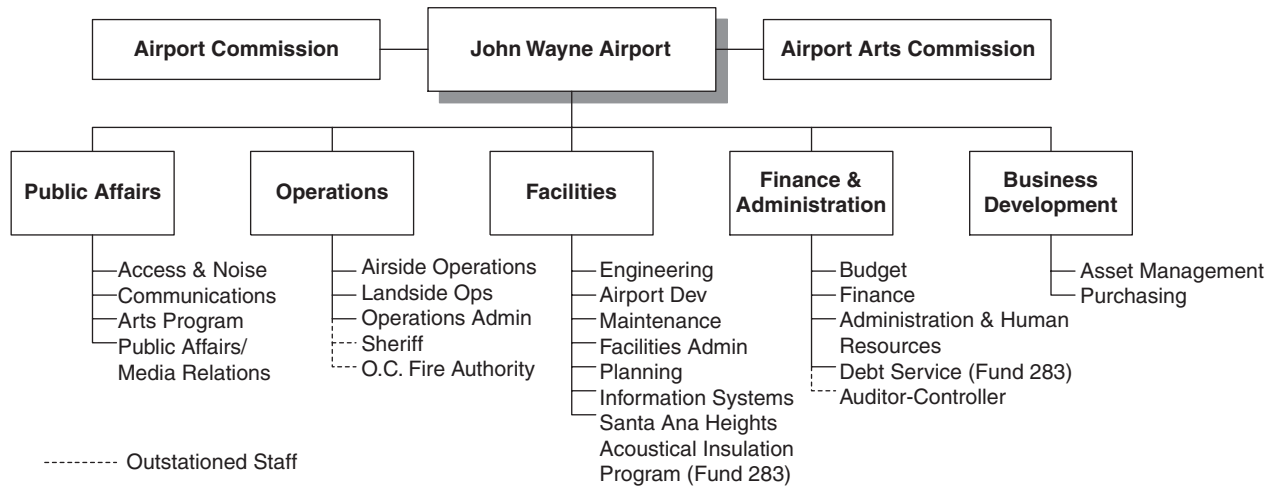
Key Outcome Indicators: (Continued)

| Performance Measure | 2002 Business Plan Results | 2003 Business Plan Target | How are we doing? |
|---|---|--|--|
| ENFORCE ALL PROVISIONS OF THE PHASE 2 COMMERCIAL AIRLINE ACCESS PLAN AND REGULATION. What: Balances need for airport with desire of community for environmentally responsible operation at JWA. Why: Compliance conveys message that County will completely fulfill its commitment to its residents. | 100 percent compliance with Plan allocation provisions. | Continue to maintain 100 percent compliance. | The provisions of the Phase 2 Commercial Airline Access Plan, other than the allocation provisions that have been amended, became effective on October 1, 1990. Since the Plan's implementation, the County has been in 100 percent compliance of its duties and responsibilities. |
| DEBT SERVICE COVENANT OF AT LEAST 175 PERCENT. What: Requires Airport net revenues each year of at least 125% of debt service requirement for FY. Why: Provides JWA with opportunity to demonstrate to financial community its ability to repay debt. | Successful management of the Airport's rates and charges structure is critical to generate revenue required to fulfill JWA's obligations under the indenture. The debt coverage ratio for FY 01-02 was 197 percent. | Continue to maintain 100 percent compliance. | Since issuance of the 1987 Airport Revenue Bonds, JWA has consistently exceeded the rate covenant imposed by indenture. Current credit ratings for the Airport are Aa3, A+, A+ respectively from Moody's, Standard & Poor's and Fitch. |
| MAINTAIN INVESTMENT GRADE BOND RATING. What: A credit rating is an opinion of an issuer's overall ability to pay its financial obligations. Why: Such an opinion focuses on JWA's ability to meet its financial obligations as they come due. | JWA has maintained its very high bond ratings. JWA bonds were also upgraded by Standard and Poor's from an A rating to an A+ rating. | Continue to maintain our very high bond ratings. | JWA's bonds were upgraded by Standard & Poor's from an A rating to an A+ rating. JWA received this rating because of its ability to closely monitor its budget. |

Fiscal Year FY 2002-2003 Key Project Accomplishments:

- The Airport passed the annual FAA Airport Certification Inspection and all quarterly Security Inspection Audits--yardsticks by which the FAA measures airport safety and security.
- Conducted Triennial Full-Scale Disaster Exercise.
- JWA identified, designed and constructed modifications to accommodate new security requirements resulting from post September 11th heightened security requirements. Completed projects include Explosive Detection K9 facility, K9 training facilities, security screening checkpoint upgrades, and 100% Baggage Screening system.
- The JWA Web site home page was redesigned to feature expanded "Travel Tips" as well as links to more detailed information on safety and security procedures.
- Upgraded valet parking operation to a full-service operation, reducing customer wait times.
- The settlement agreement between JWA, the City of Newport Beach, AWG and SPON was successfully modified.
- JWA maintained its very high bond rating.
- Distributed Purchasing Guide for use by all airport employees for more efficient use of County procurement procedures and department.
- Completed credit card processor and equipment conversion in the JWA parking structures. As a result of this conversion, JWA estimates annual cost savings in merchant card service fees of approximately \$100,000 annually.

Organizational Summary



PUBLIC AFFAIRS - Responsible for public information and media relations. Provides implementation and enforcement of Phase 2 Access Plan and Settlement Agreement. Responsible for the interaction with federal, state and local agencies regarding legislation. Coordinates and monitors environmental activities. Oversees the Airport Communications Operator function. Administers the Airport Arts Program.

OPERATIONS - Coordinates and administers the general functional activities related to John Wayne Airport including airport security, parking, ground transportation, liaison with commercial airline tenants, fixed-base operations, and aircraft tiedown facilities. Monitors airfield operations including enforcement of Airport rules and regulations. Administers outstationed departments such as the Sheriff-Coroner and Fire Authority for provision of law enforcement, aircraft rescue and firefighting.

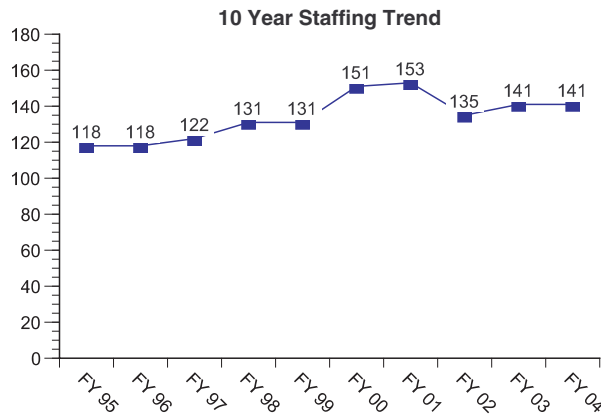
FACILITIES - Provides engineering studies and analysis of facility requirements for the Airport. Responsible for all aspects of Airport facilities maintenance and information systems. Provides planning and project management of the capital development program, including the design and construction of Airport facilities. Ensures compliance of Airport facilities with environmental regulations. Prepares grant applications for federal financial assistance under the FAA Airport Improvement Program. Provides staff support to the Airport Land Use Commission.

FINANCE & ADMINISTRATION - Responsible for Airport finance, budget, debt management, staff services, administrative support and human resources. Provides staff support to the Airport Commission. Responsible for all airport rates and charges preparation and coordinates Airline Affairs Committee meetings. Includes outstationed Auditor-Controller staff who provide accounting and financial services, and monitor Airport revenue and expenditures.

BUSINESS DEVELOPMENT - Coordinates and is responsible for concession planning and revenue development activities and the negotiation and administration of leases, licenses, concession agreements and easements. Responsible for the acquisition and sale of real property and related property appraisal and condemnation issues. Coordinates with the Finance and Administration division on the annual audit and record survey of Airport tenants. Responsible for all aspects of Airport procurement including preparing bid/proposal solicitations, issuing agency contracts, interfacing with vendors, maintaining a record of department purchases and conducting internal procurement value analysis. Administers the Disadvantaged Business Enterprise (DBE) Program.

JOHN WAYNE AIRPORT - OPERATING - Includes the office of the Airport Director and outstationed County Counsel who provides legal counsel on County and Airport matters.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- Six new positions were added in FY 02-03, including one Information Systems Manager, one Staff Specialist, two Electronics Technicians, one Staff Analyst III, and one Real Property Agent II.
- The 18 positions which were added in FY 99-00 for Interim Use were transferred mid-year FY 00-01 to the LRA (Fund 13K).
- Two positions were transferred mid-year FY 99-00, one from the CEO and one from PDSD; these are reflected in FY 00-01 position total.

- In FY 99-00 one position was transferred from the Auditor-Controller to John Wayne Airport to more appropriately reflect finance-related activities performed; one position was added to help manage the increased requirements in the Information Systems section; 18 positions were added for Interim Use pending further Board direction.
- In FY 97-98 four positions were deleted and 13 positions were added to reflect the impact of the County's decentralization of Real Property, Human Resources, Facilities, County Counsel and Purchasing activities.

Budget Summary

Plan for Support of the County's Strategic Priorities:

As an enterprise fund, John Wayne Airport is self-supporting through revenues it generates and receives no monies from the County General Fund. Revenues are utilized to operate the Airport, provide for repayment of revenue bonds, fund facility capital improvement or maintenance projects, and support aviation planning.

Changes Included in the Base Budget:

The requested budget includes an additional \$2.2 million for utility and maintenance costs associated with operation of the in-line baggage screening system.

Final Budget and History:

| Sources and Uses | FY 2001-2002 Actual Exp/Rev | FY 2002-2003 Budget As of 6/30/03 | FY 2002-2003 Actual Exp/Rev ⁽¹⁾ At 6/30/03 | FY 2003-2004 Final Budget | Change from FY 2002-2003 Actual | |
|--------------------|--------------------------------|---|---|------------------------------|------------------------------------|---------|
| | | | | | Amount | Percent |
| Total Positions | - | 141 | 141 | 141 | 0 | 0.00 |
| Total Revenues | 195,465,416 | 91,154,113 | 100,826,200 | 114,260,689 | 13,434,489 | 13.32 |
| Total Requirements | 198,712,366 | 171,277,118 | 91,061,709 | 114,260,689 | 23,198,980 | 25.48 |
| Net County Cost | (3,246,949) | (80,123,005) | 9,764,492 | 0 | (9,764,492) | -100.00 |

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2002-03 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Airport - Operating Enterprise in the Appendix on page 602.

Highlights of Key Trends:

- In the fall of 2002, the private firm that had traditionally provided passenger screening at JWA was replaced by new federally trained and employed screeners. By the end of 2002, in compliance with federal law, the Airport completed installation of equipment necessary to screen 100% of all checked baggage.
- JWA is responsible for implementing directives issued by the Transportation Security Administration (TSA) and FAA. The sheer number of these directives and the complexity of integrating them into the current Airport Security Plan have and will continue to present chal-

lenges to the Airport. JWA's challenge will be to integrate the new personnel, equipment, and processes into its daily operations in a safe and efficient manner.

- A financial challenge to the Airport is presented by new utility and maintenance costs associated with construction and operation of the in-line baggage screening system. JWA will seek financial relief from TSA for these additional costs, but if such relief is not forthcoming, the Airport anticipates that increased costs will be reflected in higher rates and charges to JWA's aeronautical users.

Budget Units Under Agency Control

| No. | Agency Name | Public Affairs | Operations | Facilities | Finance & Administration | Business Development | John Wayne Airport - Operating | Total |
|-----|---------------------------------|----------------|------------|------------|--------------------------|----------------------|--------------------------------|-------------|
| 280 | Airport - Operating | 2,216,336 | 23,400,838 | 52,364,312 | 32,163,520 | 895,679 | 3,220,004 | 114,260,689 |
| 283 | John Wayne Airport Debt Service | 0 | 0 | 1,118,000 | 47,720,686 | 0 | 0 | 48,838,686 |
| | Total | 2,216,336 | 23,400,838 | 53,482,312 | 79,884,206 | 895,679 | 3,220,004 | 163,099,375 |